

Message Text

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ACTION ARA-10

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FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC IMMEDIATE 9090

C O N F I D E N T I A L MONTEVIDEO 1973

E.O. 11652: GDS

TAGS: PROR, UY

SUBJECT: CASP - URUGUAY

REF: STATE 134957

1. I APPRECIATE REFTEL COMMENTS ON CASP PREPARATION. MISSION STAFF HAS WORKED HARD ON THIS AND I THINK RESULTS JUSTIFY THE EFFORTS.

2. FOLLOWING ARE SPECIFIC COMMENTS:

EMBASSY POSITION IS THAT MAP-M LEVEL PROJECTED IN CASP SHOULD BE MAINTAINED. THIS IS CONSISTENT WITH DEPARTMENT POLICY IN PROGRAMMING A DOWNWARD TREND WITH A VIEW TOWARD PHASE-OUT IN FY 80. WE BELIEVE OUR CASP PLANNING FIGURES ARE REALISTIC MINIMUM AND PROVIDE ONLY MODEST MODERNIZATION SINCE \$.5M IS NECESSARY TO PROVIDE SPARE PARTS JUST TO MAINTAIN PRESENT OUT-DATED EQUIPMENT. MAINTENANCE RECOMMENDED MAP-M IMPORTANT ALSO AS PROGRAM FOR ECONOMIC RECOVERY ONLY BEGINNING AND EXPECTED FAVORABLE IMPACT NOT YET FELT. AGREE FULLY THAT LATER MAP-M PHASEOUT SHOULD BE ACCOMPANIED BY INCREASE IN FMS CREDIT LEVEL.

UNCERTAINTIES SURROUNDING MAP-M IN URUGUAY DURING RECENT YEARS HAS BEEN THE SOURCE OF CONSIDERABLE IRRITATION TO GOU. THE FY 75 PROGRAM WAS THE FIRST TIME IN THREE YEARS OUR PLANNING FIGURE
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HAS NOT BEEN DRASTICALLY REDUCED BY CONGRESSIONAL REDUCTIONS.

PREVIOUS PROGRAM YEARS PROVIDED FOR LITTLE MORE THAN SPARE PARTS. URUGUAY RECENTLY HAS BEGUN TO SATISFY HER OWN MILITARY NEEDS WITH INCREASED CASH AND CREDIT PURCHASES. WE EXPECT THIS EFFORT TO CONTINUE AND URUGUAY'S OWN CAPABILITIES TO IMPROVE, BUT US ASSISTANCE TOWARDS MODERNIZATION WILL BE IMPORTANT. DUE TO THE INCREASED IMPORTANCE OF URUGUAYAN MILITARY IT WOULD APPEAR IN THE US INTEREST TO SUPPORT THIS AUSTERE BUT ESSENTIAL PROGRAM.

3. MISSION HAS NO OBJECTION TO INCLUDING A RECOMMENDATION ON OPIC IN CASP. HOWEVER, WE WOULD HOPE IT WOULD BE COUCHED IN TERMS WHICH LEAVE MAJOR INITIATIVE UP TO GOU. OUR CONTINUING POLICY HAS BEEN TO PRESENT DRAFT OPIC AGREEMENT TO HIGHEST LEVEL OFFICIALS HERE AND FOLLOW-UP WITH EXPLANATIONS AND INQUIRIES INTENDED TO EXPEDITE GOU CONSIDERATION. RECENT MEETING OF FONMIN BLANCO, AMBASSADOR AND OPIC OFFICIALS IN WASHINGTON WAS FULLY CONSISTENT WITH THE APPROACH AND DEMONSTRATED A REAWAKENING GOU INTEREST. IN VIEW OF HISTORY HERE OF AN OPIC AGREEMENT WHICH FAILED TO BE RATIFIED BY URUGUAY, CAREFUL, LOW-PRESSURE PREPARATION NOW IS INDICATED. WE BELIEVE IT IMPORTANT THAT GOU ENTER AGREEMENT ONLY AFTER STUDY AND FULLY ON ITS OWN VOLITION. VIABILITY OF SUBSEQUENT AGREEMENT IS LIKELY TO BE BETTER IF IT IS NOT SEEN AS A PRODUCT OF USG PRESSURE. THEREFORE, SUGGEST FOLLOWING TEXT FOR INCLUSION AS RECOMMENDATION IN RESOLUTION SECTION AS NUMBER 8. QUOTE CONTINUE LOW-KEY DISCUSSIONS WITH GOU WITH A VIEW TO CONCLUDING REGULAR OR MODIFIED OPIC INVESTMENT GUARANTEE BILATERAL. UNQUOTE. SIRACUSA

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